

Committee on Finance, Revenue, and Bonding
House Bill No 5122: *An Act Concerning Personal Income Tax Deductions for Contributions to
Family and Medical Leave Benefit Accounts*
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CWEALF is a statewide non-profit organization dedicated to empowering women, girls and their families to achieve equal opportunities in their personal and professional lives. For decades we have advocated for strategies to increase access for women to workplace policies that are fair and support their economic stability.

We also co-chair the Campaign for Paid Family Leave, along with the Permanent Commission on the Status of Women. The Campaign is a coalition dedicated to implementing a system of paid family and medical leave in Connecticut, comprised of 60 organizations representing a variety of interests: women's health, long-term illnesses, special needs, pediatrics, labor unions, the faith community, mental health, and low-income advocacy organizations, among others.

Please accept this testimony on House Bill No. 5122: *An Act Concerning Personal Income Tax Deductions for Contributions to Family and Medical Leave Benefit Accounts*.

Currently, both the federal and state Family and Medical Leave Acts provide only unpaid leave to workers who have a serious illness, need to care for a family member with a serious illness, for the birth or adoption of a child, or to care for an injured member of the military. While these laws were an important first step in the early 1990s, they have significant gaps that need modern solutions to fulfill their intent.

First, these laws only apply to large companies, and therefore do not cover approximately 40% of the workforce.ⁱ This leaves a large portion of the population that can be fired if they become seriously ill.

However, even people who *are* covered by the law often do not use the unpaid time from work because they simply cannot afford it. Workers who take unpaid leave risk failing to pay their bills and their medical expenses, a higher incidence of bankruptcy and reliance on public assistance, and economic devastation for their families. In fact, new mothers with paid leave are 39% less likely to use public assistance, 40% less likely to need food stamps, and 54% more likely to experience a wage increase in the following year.ⁱⁱ

While the Campaign applauds the Committee's recognition that unpaid leave is insufficient, an individual savings account for employees will not likely meet the true needs of Connecticut workers to maintain their economic stability during major life events.

We respectfully urge you to consider instead the plan proposed under Senate Bill No. 221, which would create an employee-funded leave system providing 100% wage replacement of an employee's earnings with a weekly cap of \$1000, for a maximum of 12 weeks, depending on the care or recovery needed.

For middle class families and low-wage workers, it is often impossible to divert earnings to a savings account, as every dollar is needed to pay their basic living expenses. For those who are able to save a few hundred dollars into the account and receive a personal income tax deduction, the amount will not come close to full wage replacement necessary to pay their daily expenses. Therefore, this bill is likely to only benefit higher earners.

In contrast, the plan under Senate Bill No. 221 would deduct an extremely small amount – 0.54% (half of one percent) of an employee's wages into an insurance-style pool. When an employee is faced with a situation eligible for FMLA leave, full wage replacement would be available to that person.

Thank you again for considering the vital need for paid family and medical leave. We urge you to consider a complete system that will benefit all workers, regardless of income.

ⁱ "The Family and Medical Leave Act at 22: 200 Million Reasons to Celebrate and Move Forward," National Partnership for Women and Families, February 2015.

ⁱⁱ Houser, Linda and Vartanian, Thomas P., "Pay Matters: The Positive Economic Impacts of Paid Family Leave for Families, Businesses, and the Public," Rutgers Center for Women and Work, January 2012.